SGGF V

Saskatchewan Government Growth Fund V (1997) Ltd.

Creating economic wealth and diversification
through investment of immigrant investor capital in Saskatchewan

2002 ANNUAL REPORT

SASKATCHEWAN GOVERNMENT
GROWTH FUND

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FUND PROFILE

Saskatchewan Government Growth Fund V (1997) Ltd. ("SGGF V" or the "Fund") is a government-administered venture capital fund pursuant to the Immigration Regulations, 1978 (Canada), as amended. It was formed to enable immigrant investors to invest in businesses operating in Saskatchewan and facilitate the investors' qualification as Canadian permanent residents under the Immigrant Investor Program.

FINANCIAL HIGHLIGHTS

- SGGF V incurred a loss of $745,000 in 2002, resulting in a deficit of $90,000.
- Since SGGF V's inception in 1998, investments made by the Fund total $29.1 million, of which $20.1 million has been invested in infrastructure loans and $9.0 million has been invested in SMEs.
- Income from investments and portfolio investments for the year was $1.2 million, compared with $1.6 million in 2001.

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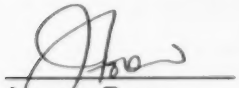
MESSAGE TO INVESTORS

The priorities of Saskatchewan Government Growth Fund V (1997) Ltd. in 2002 were the completion of investment of investors' funds in eligible businesses, and management of investments to provide cash for payments to Noteholders on maturities of Notes, scheduled to commence in 2004.

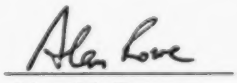
The regulations of the federal immigrant investor program require that a minimum of 70% of each Note amount be invested in eligible businesses, as defined by the regulations, for a minimum of five years. As reported last year, a repayment prior to maturity of a $9 million investment in 2001 resulted in a requirement to reinvest these funds in eligible businesses. Substantial progress was made in this regard in 2002. However, the maturity date of certain Notes will be extended to reflect the period during which funds were not invested in eligible businesses. Noteholders whose Note maturity may be extended will be advised during 2003.

In October 2002, Gary Benson retired as President of SGGF V. Gary had been President since the inception of SGGF V. In February 2003, Keith Rissling, who became a director in May 1999, retired from the Board. On behalf of the Board, we thank Gary and Keith for their contribution to SGGF V. Alan Rowe was appointed President in October 2002, and Harwood Davies was elected as a director in February 2003.

In 2003, SGGF V will continue to manage its investments with the objectives of supporting investees in the development of their businesses, maximizing returns to the Fund, and generating sufficient cash to satisfy payments due on Notes at maturity.



Joanne Forer
Chair



Alan M. Rowe
President

INVESTMENT PROFILES

The following are profiles of investments held by SGGF V during 2002, including the total amount invested and a description of the companies' operations. The date of the initial investment in each company is noted in parentheses.

FarmGro Organic Foods Inc. (September 1999)
$1,250,000 loan

FarmGro Organic Foods, located near Regina, is an organic flour milling, cleaning and bagging facility for organic grains, specialty crops and seeds. In 2002, the company defaulted on its loan and a receiver has been appointed.

Flatland Exploration Ltd. (May 2001)
$1,750,000 loans

Flatland Exploration is a Regina-based company involved in the exploration, development and production of oil and natural gas. During 2002, the company was sold to Bulldog Energy Inc. and an additional loan was advanced.

Master Manaufacturing Inc. (June 1999)
$1,750,000 loans

Master Manufacturing, located in Moose Jaw, Saskatchewan, manufactures a broad range of pre-engineered all-steel buildings and building components.

Parkland Strawboard (1998) Inc. (June 2001)
$803,563 loans

Parkland Strawboard manufactures strawboard by a process of compressing wheat straw with a resin to create high-quality, moisture-resistant board used in both the furniture and construction industries. The company is located in Kamsack, Saskatchewan. In December 2002, the company discontinued production and is currently negotiating a refinancing with its owners and lenders.

Pelorus Navigation Systems Inc. (September 2000)
$500,000 loan

Pelorus is a Saskatoon-based company that develops advanced airport navigation landing systems using the global positioning system (GPS). It markets its product to airports around the world.

CAJON Leasing (December 2001)
$11,117,753 loans

CAJON, located in Regina, leases vehicles and other assets to Saskatchewan Crown corporations and other government-related entities.

MANAGEMENT DISCUSSION AND ANALYSIS

SGGF V incurred a loss of $745,000 in 2002 due primarily to provisions for investment losses and reduced income from investments. These items were partially offset by reduced additional payments to investors. The Fund has a deficit at December 31, 2002 of $90,000.

During 2002, the focus of SGGF V was the investment of subscriptions in eligible Saskatchewan businesses.

The investment policy of SGGF V is to invest up to 50% of subscription proceeds in infrastructure loans in Saskatchewan, up to 30% in small and medium-sized enterprises ("SMEs") in Saskatchewan, and the remainder in cash or high quality liquid debt securities.

The interest rate for the investors' escrow amount and Note is determined at the time the full subscription is received, and remains constant over the term of the Note.

The federal Immigrant Investor Program under which SGGF V operates requires that the five year term to maturity of a Note be extended if, and for so long as, less than 70% of the amount of the Note is invested in the active business operations of eligible businesses in Saskatchewan. As a result of delays in finding suitable investments, the Fund compensates those investors affected through an additional payment to cover the period from nine months after receipt of their full subscription until at least 70% of such amount is initially invested in eligible businesses.

Investment Activities

In 2002, $8.8 million was invested in four companies already in the portfolio. Of this amount, $7.2 million was invested in infrastructure loans and $1.6 million was invested in SMEs. In 2001, $5.4 million was invested, of which $3.9 million was invested in infrastructure loans and $1.5 million was invested in SMEs.

Since SGGF V's inception in 1998, investments made by the Fund total $29.1 million of which $20.1 million has been invested in infrastructure loans and $9.0 million has been invested in SMEs. Of the total investment in SMEs, 71% has been in the form of loans, and 29% in the form of equity.

At December 31, 2002, the investment portfolio totaled $14.7 million, compared with $7.8 million a year earlier. Investments consisted of loans to seven companies totaling $15.5 million (2001 – seven companies, $7.8 million). Provisions for losses total $794,000, compared with nil at the end of 2001. In addition, the statement of financial position includes $12.3 million in cash and portfolio investments, compared with $20.3 million at December 31, 2001.

Income from investments and portfolio investments for the year was $1.2 million, compared with $1.6 million in 2001. The reduction reflects a higher level of non-performing loans throughout most of 2002 compared to 2001, and lower yields on portfolio investments. In December 2001, an investment with a book value of $9 million, due in mid-2005, was repaid in full. This capital was not redeployed until mid-2002.

The charge to income for investment losses in 2002 was $794,000 (2001 – $749,000). This provision adjusts impaired investments to their estimated net realizable value. The provision in 2002 relates to one loan for which the Fund has commenced proceedings to enforce its security.

In 2001 a company with which SGGF V was associated sold assets that were used in its leasing business. SGGF V extended $3.9 million in loans to the acquirer to purchase the assets. Repayment of the loans to SGGF V is on essentially the same terms as were the loans to the vendor. Revenue from operating leases, net of amortization of equipment on lease, totaled $442,000 in 2001.

Investor Activities

At December 31, 2002, obligations to investors totaled $25.5 million, compared with $26.5 million at the end of 2001.

To December 31, 2002, the Fund had received 111 full subscriptions, unchanged from December 31, 2001. Of the 111 full subscriptions, 102 (2001 – 106) investors have been issued Notes. A total of 4 Notes were repaid in 2002 because of visa refusals. This compares to 2 Notes that were issued in 2001. There remain 4 (2001 – 11) subscribers yet to complete their subscription requirements. In 2002, 7 subscriptions were withdrawn (2001 – 9) from the Fund. Of the 102 Notes outstanding at December 31, 2002, 17 are scheduled to mature in 2004, 59 in 2005, and 26 in 2006.

Obligations under the Notes are subordinate to all other liabilities of SGGF V and repayment is dependent on the proceeds on liquidation of investments and all other available liquidity in excess of other liabilities.

In accordance with the terms of the Confidential Offering Memorandum for SGGF V, interest was paid on all Notes outstanding at December 31, 2002. Total interest expense recorded in the year was $443,000, compared with $927,000 in 2001. The decrease reflects lower additional payments for the period that subscriptions are not invested in eligible investments.

Operating Activities

Administration costs reflect expenditures related to the ongoing operations of the Fund and its investments. As a percentage of average total assets managed, these costs, excluding future fees, amounted to 1.83% in 2002 and are comparable to 1.75% in 2001.

Administration costs of $355,000 in 2002 include a reduction of $176,000 (2001 - $74,000 increase) in the provision for fees payable in the future to the manager and investment advisors based on the performance of funds under management by the manager and advisors. Management fees for the year totaled $491,000, compared with $480,000 in 2001.

The provision of administration and investment advisory services to SGGF V is contracted to Crown Capital Partners Inc. The manager is paid a monthly fee for its services and will receive a performance fee based on the retained earnings, if any, of SGGF V after all investor obligations are repaid in full and all investments have been liquidated.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

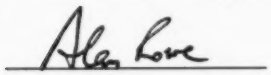
The President and fund manager of the Saskatchewan Government Growth Fund V (1997) Ltd. are responsible for management of the Fund. The accompanying financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles, and necessarily include amounts which are based on informed judgement and management estimates. Financial data presented elsewhere in this annual report is consistent with that in the financial statements.

Ensuring the integrity and objectivity of financial information is an integral part of management's responsibility. Management maintains an appropriate system of internal accounting and administrative controls, policies and procedures to provide reasonable assurance that all transactions are authorized, financial records are complete and accurate, and assets are safeguarded against loss.

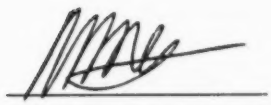
The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting. The Board has reviewed and approved these financial statements.

Deloitte & Touche LLP, the corporation's independent auditors, have examined the financial statements of the corporation. Their responsibility is to conduct an independent and objective audit and to report on the fairness of presentation of the corporation's financial position, results of operations and cash flows as shown in the financial statements. The Auditors' Report outlines the scope of their examination and their opinion.

On behalf of management,



Alan M. Rowe, C.A.
President



Mike Merth, C.A., C.M.A.
Crown Capital Partners Inc.

AUDITORS' REPORT

To the Shareholder of Saskatchewan Government Growth Fund V (1997) Ltd.:

We have audited the statement of financial position of Saskatchewan Government Growth Fund V (1997) Ltd. as at December 31, 2002, and the statements of operations and deficit and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
February 7, 2003

FINANCIAL STATEMENTS

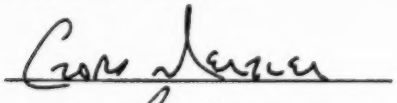
Saskatchewan Government Growth Fund V (1997) Ltd.
(Incorporated under The Business Corporations Act of Saskatchewan)
Statement of Financial Position
As at December 31

	2002	2001
Assets		
Cash	$ 2,068,822	$ 16,824,858
Portfolio investments (Note 4)	10,272,647	3,500,000
Accounts receivable and accrued income	134,367	49,324
Investments (Note 5)	14,683,619	7,810,261
Deferred costs (Note 6)	1,101,776	1,511,002
	$ 28,261,231	$ 29,695,445
Liabilities and Shareholder's Deficiency		
Accounts payable and accrued liabilities (Note 7)	$ 237,893	$ 481,637
Commissions payable	262,500	470,000
Accrued interest payable to investors	55,136	3,915
Subscription deposits (Note 8)	2,295,091	1,584,591
Obligations to investors (Note 9)	25,500,000	26,500,000
	28,350,620	29,040,143
Share capital (Note 10)	1,000	1,000
(Deficit) retained earnings	(90,389)	654,302
	(89,389)	655,302
	$ 28,261,231	$ 29,695,445

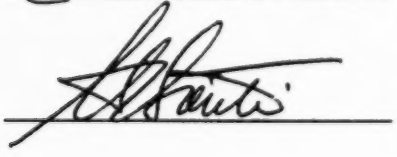
Commitments (Note 15)

See accompanying notes to the financial statements

On behalf of the Board:



Gordon Mertler
Director



Lloyd Boutilier
Director

Saskatchewan Government Growth Fund V (1997) Ltd.
Statement of Operations and Deficit
For the Year Ended December 31

	2002	2001
Revenues		
Interest from cash and portfolio investments	$ 439,435	$ 525,494
Income from investments	779,647	1,030,134
Lease revenue	-	885,165
Other income	32,268	50,646
	1,251,350	2,491,439
Provision for credit losses	793,750	748,781
Net revenue	457,600	1,742,658
Expenses		
Administration (Note 12)	355,067	594,967
Interest on subscription deposits	31,233	16,021
Interest on obligations to investors	411,765	910,503
Amortization of equipment on operating leases	-	443,224
Amortization of deferred costs	404,226	381,863
	1,202,291	2,346,578
Net loss	(744,691)	(603,920)
Retained earnings, beginning of year	654,302	1,258,222
(Deficit) retained earnings, end of year	$ (90,389)	$ 654,302

See accompanying notes to the financial statements

Saskatchewan Government Growth Fund V (1997) Ltd.
Statement of Cash Flows
For the Year Ended December 31

	2002	2001
Cash flows from operating activities		
Net loss	$ (744,691)	$ (603,920)
Adjustments:		
Amortization of equipment on operating leases	-	443,224
Amortization of deferred costs	404,226	381,863
Provision for credit losses	793,750	748,781
Amortization of premium and discount on bonds	9,503	-
Net change in non-cash balances related to operations (Note 13)	(480,066)	179,726
Cash flows from operating activities	(17,278)	1,149,674
Cash flows from investing activities		
Purchase of portfolio investments	(10,282,151)	(3,500,000)
Sale of portfolio investments	3,500,000	3,500,000
Disbursements on investments	(8,787,741)	(5,407,917)
Repayments from investments	1,120,634	10,578,126
Purchase of equipment on operating leases	-	(2,520,868)
Sale of equipment on operating leases	-	3,905,582
Cash flows from investing activities	(14,449,258)	6,554,923
Cash flows from financing activities		
(Repayment of) proceeds from note subscriptions	(289,500)	289,258
Cash flows from financing activities	(289,500)	289,258
Net (decrease) increase in cash	(14,756,036)	7,993,855
Cash, beginning of year	16,824,858	8,831,003
Cash, end of year	$ 2,068,822	$ 16,824,858
Interest paid during the year	$ 423,401	$ 993,512

See accompanying notes to the financial statements

Saskatchewan Government Growth Fund V (1997) Ltd.
Notes to the Financial Statements

1. Status of the corporation

Saskatchewan Government Growth Fund V (1997) Ltd. ("SGGF V") was incorporated in August 1997 under The Business Corporations Act of Saskatchewan and has been accepted as a government administered venture capital fund under the federal government's Immigrant Investor Program ("IIP"). Under this program, SGGF V was established to raise $35,000,000 through a note offering. Each note is a variable rate (1.50% to 3.50%), unsecured, subordinated debt instrument with a cost of $250,000, repayable in five years provided that 70% of the proceeds are invested in eligible businesses ("Notes") throughout the five year period. SGGF V commenced commercial operations in 1998 and achieved its minimum offering of 14 investors in December 1998. The marketing period for SGGF V ended on March 31, 1999.

The Confidential Offering Memorandum ("Memorandum") and the IIP prescribe various conditions that qualify an investment as an eligible business, including a requirement that the business be Saskatchewan based and have assets, including assets of associated companies, of less than $35 million.

As stated in the Memorandum, the Government of Canada and the Government of the Province of Saskatchewan offer no guarantees or assurances on the financial performance of SGGF V or of a return of an investor's original investment and neither government will be liable for any loss or damages suffered by an investor as a result of an investment in the Notes.

2. Significant accounting policies

The accompanying financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The following are considered significant:

Measurement Uncertainty

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may vary from the current estimates. These estimates are reviewed quarterly and, as adjustments become necessary, they are reported in the Statement of Operations and Deficit in the period in which they become known.

Portfolio investments

Term Deposits and Government of Canada Treasury Bills ("T-Bill") are valued at cost. Government of Canada Bonds ("Bond") are valued at amortized cost.

Investments

Investments include debt and equity investments in private companies. Income from debt investments is recognized as earned and income from equity investments is recognized when received.

Debt investments are carried at cost, net of provisions for credit losses.

Provisions for credit losses are established on impaired debt instruments ("loans"). A loan is considered to be impaired if, as a result of a deterioration in credit quality, there is no longer reasonable assurance of the timely collection of the full amount of principal and interest. Any loan on which contractual payments are in arrears for 90 days or more is usually assumed to be impaired. Other factors that are considered in determining whether a loan is impaired include the overall credit quality of the borrower and the fair value of the underlying security. When a loan becomes impaired, recognition of interest income ceases. A provision for specific credit losses is established for impaired loans to reduce their value to the estimated fair value of the security underlying the loan. If the credit quality of the loan subsequently improves a provision is reduced or reversed.

Investments in equities are carried at the lower of cost and, where a loss in value that is other than temporary has occurred, net realizable value. Investments that are evaluated as possibly being subject to a loss in value are assessed periodically based on appropriate criteria, including past operating results of the investee, financial outlook of the investee, recent capital transactions, and their associated value, between the investee and arm's length parties, and liquidity or going concern problems of the investee.

When a decline in the value of an equity investment is no longer considered to be temporary, the investment is written down and carried at the written down value until disposal of the equity investment.

SGGF V intends to dispose of its investments in due course. Accordingly, investee companies over which SGGF V has significant influence are not consolidated.

Deferred costs

Deferred costs include consulting, legal, administrative, accounting, general and printing costs associated with SGGF V's offering. Commissions paid or payable on subscriptions received have also been deferred. Deferred costs, including commissions, are amortized over five years from date of Note issuance.

Commissions payable

According to the terms of marketing agreements entered into by SGGF V, a commission is payable to the independent marketing agents selling the Notes upon receipt by SGGF V of the subscription deposit and all required documentation. The commission is subject to a holdback pending issuance of the investor's immigrant visa.

Accrued interest payable to investors

SGGF V accrues interest on its subscription deposits from the date of deposit to the date of Note issuance. Investors earn interest at a rate between a minimum of 1.50% and a maximum of 3.50% per annum. The rate is determined at the time of subscription deposit and is calculated as 3.60% less than the then current yield on a benchmark Government of Canada bond. Interest is paid upon Note issuance.

Obligations to investors

Obligations to investors represent the Notes issued to investors of SGGF V. Their investment helps to satisfy a portion of their visa requirements under the IIP. Interest to the maturity date on Notes is accrued at an annual rate between a minimum of 1.50% and a maximum of 3.50% from the date of Note issuance until maturity. The rate is determined at the time of subscription deposit and is calculated as 3.60% less than the then current yield on a benchmark Government of Canada bond. Interest is paid annually on December 31 and at maturity.

3. Provisions of the IIP

70% investment requirement

The terms of the IIP require that at least 70% of each subscription deposit be invested in eligible businesses no later than nine months from receipt of the subscription amount. The federal regulator responsible for the IIP, Citizenship and Immigration Canada, has extended the deadline for investment of subscriptions received by SGGF V prior to October 1, 2002, to June 30, 2003.

Minimum holding period and maturity of the Notes

A Note is issued to evidence receipt of the subscription deposit on the date that at least 70% of the subscription deposit is invested in eligible businesses. Each Note is scheduled to mature five years from such date, provided SGGF V maintains at least 70% of the Note continuously invested in the active business operations of eligible businesses for five years following the issuance date. The IIP contains provisions that require the maturity date of a Note be extended if, and for such period that, a minimum of 70% of the Note amount ceases to be invested in the active business operations of eligible businesses.

If the subscription deposit has not been at least 70% invested in eligible businesses within nine months of receipt, then, for the period from nine months after receipt until a minimum of 70% of the subscription deposit is initially invested in eligible businesses, the investor will receive an additional payment as compensation for the extension of the term to maturity of their Note.

4. Portfolio investments

Security	Rate (%)	Maturity Date	Par ($)	2002 Cost ($)	2001 Cost ($)
T-Bill	2.94	4/12/03	1,000,000	972,890	-
Bond	3.50	1/6/04	2,500,000	2,478,365	-
Bond	6.00	1/9/05	3,110,000	3,228,992	-
Term Deposit	3.05	6/12/03	1,539,600	1,539,600	-
Term Deposit	3.05	9/12/03	2,052,800	2,052,800	-
Term Deposit	2.64	6/12/02	1,500,000		1,500,000
Term Deposit	2.64	9/12/02	2,000,000	-	2,000,000
				$ 10,272,647	$ 3,500,000

Market value at December 31, 2002 is $10,400,338.

5. Investments

	2002	2001
Debt instruments	$ 15,477,369	$ 7,810,281
Provision for credit losses	(793,750)	-
	$ 14,683,619	$ 7,810,261

Included in investments is $3,625,841 (2001 – $1,240,235) of impaired investments, net of accumulated provision for credit losses of $793,750 (2001 - $nil), upon which income is not accrued. During the year $nil (2001 - $748,781) of investments and costs have been written off.

During the year, investments increased as follows:

	2002	2001
Balance, beginning of year	$ 7,810,261	$ 13,729,251
New investments	8,787,742	5,407,917
Book value of divestments	(1,120,634)	(10,578,126)
Net change in provision for credit losses	(793,750)	-
Investments and costs written off	-	(748,781)
Balance, end of year	$ 14,683,619	$ 7,810,261

6. Deferred costs

Deferred costs have been recorded net of accumulated amortization of $1,235,657 (2001 – $831,432).

7. Accounts payable and accrued liabilities

Included in accrued liabilities is a provision of $217,687 (2001 - $254,993) for future fees payable to various investment advisors under the terms of their respective investment services agreements. These amounts are payable to the investment advisors upon liquidation of their portfolio under management and upon achievement of certain performance targets.

Included in accrued liabilities is a provision of $nil (2001 - $139,080) for future fees payable to the manager of SGGF V under the terms of a management services agreement. This amount is based on the retained earnings of SGGF V and payable to the manager only upon liquidation of all investments and repayment of all Notes.

8. Subscription deposits

Subscription deposits are reclassified to obligations to investors upon Note issuance.

9. Obligations to investors

Notes – 1.50% to 3.50% unsecured promissory notes.

The obligation at December 31 is comprised of Notes with interest rates as follows:

	2002		2001	
	Number	$	Number	$
1.50%	88	22,000,000	92	23,000,000
1.75%	2	500,000	2	500,000
1.95%	1	250,000	1	250,000
2.00%	2	500,000	2	500,000
2.05%	1	250,000	1	250,000
2.20%	1	250,000	1	250,000
2.40%	2	500,000	2	500,000
2.45%	2	500,000	2	500,000
2.60%	3	750,000	3	750,000
	102	25,500,000	106	26,500,000

At December 31, 2002, SGGF V has not met the 70% investment requirement for a number of Notes that have been issued. As a result, maturity dates for the Notes affected have been extended.

The following is the schedule of Note maturities as at December 31, 2002:

2004	$ 4,250,000
2005	14,750,000
2006	6,500,000
	$ 25,500,000

Obligations under the Notes are subordinate to all other liabilities of SGGF V and repayment is dependent on the proceeds on liquidation of investments and other available liquidity in excess of other liabilities. The Notes are irrevocable, except in the case that (i) a visa is denied, or (ii) at least 70% of the subscription amount is not invested in eligible businesses within nine months of the date of payment of the full subscription amount.

10. Share capital

The authorized common share capital of SGGF V at December 31 is:

Class A common shares - an unlimited number of voting common shares. Holders of the Class A common shares are not entitled to receive dividends.

Class B common shares - an unlimited number of voting common shares. Holders of the Class B common shares are entitled to receive dividends.

The issued common share capital at December 31 is:

	2002	2001
1,000 Class A common shares	$ 1,000	$ 1,000

11. Financial instruments

SGGF V's primary business is the raising of capital from immigrant investors and placing these funds in new and expanding Saskatchewan businesses. This entails exposure to market risk, credit risk, interest rate risk and liquidity risk. These risk factors may impact upon SGGF V's ability to repay its Notes at maturity.

Market Risk

Market risk is the risk that the fair value of an investment may be affected by the ability of an investee company to profitably distribute its products. Some of the companies in which SGGF V invests are dependent upon a single product or industry. SGGF V manages this risk through careful due diligence prior to committing funds to the investment and by diversifying its investments across various industry sectors.

Credit Risk

Credit risk is the risk that an investee will fail to perform its obligations. Concentration of credit exposure may arise given that SGGF V restricts its investments to businesses operating in Saskatchewan and therefore all investments are subject to a similar general economic environment. The ability of such investees to meet contractual obligations may be affected by changing economic, political or other conditions. SGGF V conducts thorough due diligence prior to committing to an investment and actively monitors the financial health of its investees on an on-going basis. In addition, some investees operate in and export to other provinces or international markets thereby mitigating this risk.

Interest Rate Risk

Interest rate risk is the risk that SGGF V's earnings will be affected by fluctuations in interest rates. SGGF V manages this risk through carefully monitoring and matching the duration of its portfolio investments and investments with the duration of its obligations to investors.

Liquidity Risk

Liquidity risk is the risk that SGGF V will encounter difficulty in liquidating its investments at the time it is required to repay Notes. Due to the nature of some of SGGF V's investments, the timing of cash flows from its investments may not exactly match with the payments owing under SGGF V's Notes. SGGF V carefully monitors the duration of its investments. However, timing differences may require SGGF V to reduce or delay the payments owing on Notes at maturity.

Fair Value - Investments

There is no active secondary market for many of the entities in which SGGF V invests, and the uncertainty and potentially broad range of outcomes pertaining to the future cash flows from these investments renders the calculation of a fair value with appropriate reliability impractical. The factors that affect the fair value are described above.

Fair Value - Obligations to Investors

No secondary market for the Notes exists. Due to the unique features associated with the Notes, the calculation of a fair value with appropriate reliability is impractical. The risk factors that affect the fair value of investments, as described above, also affect the fair value of obligations to investors. Repayment of these obligations at maturity is dependent upon the value and liquidity of investments at that time.

12. Administration

Under the terms of a management agreement, expiring in 2008, between SGGF V and Saskatchewan Government Growth Fund Management Corporation ("SGGF Management Corporation"), SGGF Management Corporation administers the assets of SGGF V with the assistance of a manager that performs fund administration and investment management together with several investment advisors. SGGF Management Corporation does not guarantee the financial performance of SGGF V. All services provided to SGGF V are charged on a fee for service basis. The costs billed to the fund by SGGF Management Corporation are as follows:

	2002	2001
Manager fees	$ 491,197	$ 480,007
General administration	8,334	17,774
Directors fees and expenses	10,508	8,763
Legal and professional	21,414	14,501
	531,453	521,045
Provision for manager profit share	(139,080)	(128,370)
Provision for investment advisors profit share	(37,306)	202,292
	$ 355,067	$ 594,967

13. Net change in non-cash balances related to operations

	2002	2001
Accounts receivable and accrued income	$ (85,043)	$ 169,472
Deferred costs	5,000	(35,000)
Accounts payable and accrued liabilities	(243,744)	70,567
Commissions payable	(207,500)	(10,000)
Accrued interest payable to investors	51,221	(15,313)
	$ (480,066)	$ 179,726

14. Income taxes

A provincial Crown corporation owns all of the issued shares of SGGF V. Therefore, SGGF V is income tax exempt.

15. Commitments

The total of investments approved but not yet disbursed is $714,361 (2001 - $714,361).

16. Related party transactions

Included in these financial statements are income and expense amounts resulting from routine operating transactions conducted at prevailing market prices with various Saskatchewan government controlled departments, agencies and corporations with which SGGF V is related. Account balances resulting from these transactions are included in the Statement of Financial Position and are settled on normal trade terms.

As stated in Note 12, SGGF V has a management agreement with SGGF Management Corporation. Total fees charged to the fund by SGGF Management Corporation amounted to $531,453 (2001 - $521,045). Total fees payable to SGGF Management Corporation at December 31, 2002, and included in the above, is $15,206 (2001 – $5,216).

Other transactions with related parties are disclosed separately in the financial statements and notes thereto.

17. Subsequent event

Subsequent to year end, SGGF V settled a legal claim against a former investee. Proceeds on settlement of $775,000 have not been reflected in these financial statements but will be recorded as investment income in 2003.

18. Comparative figures

The financial statements include the accounts of SGGF V and, until November 30, 2001, those of 617275 Saskatchewan Ltd. ("617275") and 101005716 Saskatchewan Ltd. ("101005716") on a proportionate basis. 617275 and 101005716 were entities jointly controlled by SGGF V and other SGGF fund companies. Loans from SGGF V to 617275 and 101005716 were used to purchase infrastructure-related assets that were leased to Saskatchewan Crown corporations under various operating leases. In December 2001, 617275 and 101005716 sold their equipment assets, net of accumulated amortization, to third party entities and loans were extended to these entities by SGGF V to purchase the assets.

Certain comparative figures have been reclassified to conform with the current year's presentation.

FIVE YEAR FINANCIAL SUMMARY

Saskatchewan Government Growth Fund V (1997) Ltd.
(in thousands of dollars)

Financial Position
As at December 31

	2002	2001	2000	1999	1998
Assets					
Cash	$ 2,069	16,825	8,831	18,877	9,318
Portfolio investments	10,273	3,500	3,500	3,500	-
Investments	14,684	7,810	15,557	3,603	-
Other assets	1,235	1,560	2,077	2,246	580
Total assets	$ 28,261	29,695	29,965	28,226	9,898
Liabilities and Deficit					
Obligations to investors	$ 27,849	28,089	27,815	26,787	9,524
Other liabilities	501	951	891	595	345
(Deficit) equity	(89)	655	1,259	844	29
Total liabilities and deficit	$ 28,261	29,695	29,965	28,226	9,898

Operating Results
For the years ended December 31

	2002	2001	2000	1999	1998
Revenues					
Investment income	$ 780	1,030	836	267	-
Lease revenue	-	885	78	-	-
Interest from cash and portfolio investments	440	525	985	1,018	32
Other income	32	52	3	148	-
	1,252	2,492	1,902	1,433	32
Provision for losses on investments	794	749	-	-	-
Net revenue	458	1,743	1,902	1,433	32
Expenses					
Administration	355	595	641	233	1
Financing	848	1,752	846	385	3
Total expenses	1,203	2,347	1,487	618	4
Net (loss) income	$ (745)	(604)	415	815	28

CORPORATE INFORMATION

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Businesswoman
Melfort, Saskatchewan

Lloyd Boutilier
Businessman
Regina, Saskatchewan

Darrel Cunningham
Farmer
Lintlaw, Saskatchewan

Harwood Davies
Businessman
Watrous, Saskatchewan

Roland ("Rollie") Hardy
Businessman
Regina, Saskatchewan

Gordon Mertler
Businessman
Regina, Saskatchewan

Fund Manager

Saskatchewan Government Growth Fund Management Corporation, which has retained Crown Capital Partners Inc. to provide management services.

Crown Capital Partners Inc.
Brian A. Johnson, C.F.A., Managing Partner
Alan M. Rowe, C.A., Partner Responsible for SGGF
Christopher J. Anderson, C.F.A., Partner
B. Cameron Johnson, C.A., C.F.A., Partner
Christopher A. Johnson, C.F.A., C.B.V., Partner
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SASKATCHEWAN GOVERNMENT
GROWTH FUND